

Exhibit 3

DraftKings Reignmakers: What It Is, How To Play

Aug 30, 2022, 3:40 PM EDT by [Andrew Phillips](#)



Have you seen a lot of ridiculous Twitter posts about DraftKings Reignmakers? Are you not sure if you should consider jumping in, where to start or what the strategy is? Yeah, I figured, which is why I offered to write this and help. These will be quick hitters, blunt FAQ/strategy thoughts.

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Drew, are you just pumping your own bags here?

No... I am currently not invested. At one point, I was invested five figures, but sold almost all for a small profit because I anticipated some negative news/info that I'll touch on later. You don't need to invest as much as I did, I'll break down tiers soon. I want to get back in the game, but at the right time... why? because this has the potential to be a great game. Think the thrill of daily fantasy with instant gratification + the long-term strategy of best ball.

What the hell is this game?

While DraftKings will be the best source of this kind of stuff, let's do a very quick 101. You buy player "cards" via marketplace or packs, which you can then enter into no-cost-of-entry DFS-type tournaments. There are multiple tiers/investment levels for the cards, which correlate similarly to your typical DFS tournaments. You want to play for lunch money, great you can, just expect smaller prizes/more entrants. You want to play for thousands, you can do that too. There's a lot more nuances on gameplay. I recommend checking DraftKings and jumping in their [Discord](#).

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I hate NFTs. No thanks.

Yeah, I get that. While DraftKings wants to get on the NFT train, you don't need to think of it as a NFT. It's nothing more than your fantasy roster and players on your team, similar to what you do for your season long leagues.

Fine, I'll bite. How much can I win?

[Week 1 contests are posted.](#)

For Week 2 and beyond, we know a range of total prize pool, which will be significantly less than Week 1. We don't know what exactly it'll look like but Matt Kalish, co-founder of DK, has said himself that Elite will hold the largest prize pools with "a good chance to stick throughout the season" "\$100k to first" tournaments weekly. What does this leave for the other tiers? Something like this:

Tier ▾	Total Main Slate Prize Pools ▾	Big Main Tournament ▾	1st Place Est ▾
Core	\$25,000	\$ 20,000.00	\$ 5,000.00
Rare	\$50,000	\$ 40,000.00	\$ 10,000.00
Elite	\$300,000	\$ 250,000.00	\$ 100,000.00
Legenda	\$175,000	\$ 150,000.00	\$ 50,000.00
RM	\$150,000	\$ 120,000.00	\$ 40,000.00

Matt Kalish Interview (Prizing at 10 min mark)

There will be some variations on this, and some weeks will have more than the above but that seems like a good floor benchmark.

What are the cards worth and which ones should I consider?

Like all DFS GPPs, you should be playing for first, screw the min cash mentality. Because of that, you're going to want to have the top DFS players, say top-50 ADP. You don't need all those players but given bye weeks, showdowns, etc., you should have at least 15-20 of them in my opinion. If you can't afford to buy about 20 of the top fantasy players in a given tier, I'd move down a tier. Two game notes... You can fill in a lineup with players from a lower tier with some limits, check DK gameplay. And you can only play one "SuperStar" (Some of the top 17 2021 Fantasy performers) per lineup.

Are backups, WR3s, kickers, etc. worth anything?

Short answer is that they're worth a little, but not much. It depends what type of player you want to be. There are some bankroll booster type tournaments where it's easier to cash for small gains, and starting Week 4, there will be tournaments that require kicker, defense, etc. but that's not my focus. There are also rewards for owning a lot of cards that they're calling "Franchise Score." Those rewards do have some good prizes but it's not going to be my focus. Think of it as some rake back for the top buyers.

Drew, the tournaments seem good, and you seem really smart on the topic (thank you), why aren't you invested at the moment?

DraftKings started with a small amount of supply which led to high prices, and they've been slowly coming down since as more and more supply gets unlocked. New users have not come in at a rate to sustain prices. The Elite Superstars for example are down about 15% in the past 18 days. With more supply coming, more on that next, I think we continue to see a slow decrease.

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I see a lot of bashing of DraftKings. Have they made any mistakes here?

Definitely. Let's first start by saying this is new territory and I don't expect them to get everything right, but there have been some mistakes. Here are the top ones in my eyes:

1. They should have posted Week 1 contests earlier. Matt has said he wanted the only surprises to be good surprises. Well, people were surprised, and it wasn't good. To my point earlier, I guessed what the weekly prize pool would look like, and I wanted out based on the current market prices.
2. Gameplay is a little flawed. Only five players for a main slate lineup and the only restriction is one Superstar. Optimal lineup leads you into that top 25 ADP range. It doesn't provide a ton of variations hence my recommendations earlier of going to the top.
3. Supply... they probably went too hard on the supply too fast. We're only in our second major drop and it's not even half full. There were plans for an even bigger drop this week which is now delayed. Again, hard to estimate but too aggressive.
4. Speaking of too aggressive, they went way too aggressive with pack prices. They aren't justified by marketplace prices or tournament prize pools. People see high pack prices + smaller than anticipated tournaments and it of course leads to the thought of "scam"/increased rake.

Are packs worth buying?

At the moment, every currently available pack will lead to an average of -35% to -15% return depending on which tier you buy. I've looked at pack contents of each pack, then looked at floor

of those pack contents, and pack odds and came up with a rough estimate of each. It isn't perfect because all the data isn't available, but long story short, you could get lucky in a pack but it's most likely a losing endeavor. You could buy a \$399 pack and get a card worth \$3k, but it's unlikely. Even so, I've been surprised at how much people love to gamble.

What happens if packs don't sell?

Long story short, no one knows. There's Discord hope that less pack sales means fewer players means more money for current users. As noted earlier, people love to gamble. I think DraftKings will continue promoting, maybe with some discounts/promotions, and people will continue chasing. The supply will come out little by little.

Is this like a dynasty team?

You can keep your cards throughout the whole season or sell at any point. DraftKings is coming up with some creative ways to have the cards keep some value, but ultimately, you should expect cards to be worth about 10% of current prices by the end of the season. You should also expect cards to go down little by little as the season goes on because there will be less weekly utility.

Drew, summarize this for me.

Great idea. Some mistakes along the way. I'm still interested in buying but I'm waiting for more supply to come out.

How sure are you about all this, Drew?

Things are constantly changing and I'm sure my thoughts above can be argued in different manners. As always, do your own research and feel free to challenge me on any of the above. I'm sure there are many who feel differently.

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How do sharp DFS minds feel about this?

Well, I got two of the best DFS players I know here who have both spent a lot of time on the Reignmakers product.

Matthew Wiley (@wiley77) here with some thoughts:

Most people who follow me on Twitter know how negative I have been toward NFTs. So, I understand most people who feel the same way about Reignmakers, because I initially had the same attitude. The more I learned about the gameplay, however, the more I realized this was not an NFT project but a new NFL skill game that had multiple levels of strategy.

Franchise

You can build a small or large roster of players. You only need 5 cards (one pack contains 5) to enter a game in classic – QB, WR, WR, WR/TE, Flex. As Drew mentioned, you can build your roster in one of three ways – through packs, secondary sales in the DraftKings marketplace and/or periodic live auctions hosted by DraftKings.

I chose to start opening packs – a lot of them. I ran really well, but also invested a lot of money. As a result, I have built a top 5 franchise in the entire game. Top ten franchises get preseason bonuses and an automatic ticket to the Live Final; this is one of my goals at this point.

Gameplay

I have chosen higher-priced packs and cards, because I want to compete at the top two levels (Reignmaker and Legendary). I have more limited competition, limited supply of cards (i.e. I could have completely unique lineups), and contest payouts are flat.

All primetime showdown games have are on a slate, as well as classic NFL Sunday, and this runs 22 weeks.

Even on a very average-to-poor season, I anticipate I can recoup my investment, and have a live final as a bonus.

Marketplace

You are really acting as a franchise investor and have to manage your players in the same way. If you don't have enough player cards to enter a showdown slate, you can invest and buy them from sellers in the marketplace. Alternatively, you can sell plays in the marketplace to create some liquidity for yourself.

Personally, I am not looking at Reignmakers in the context of a collector, so eventually the utility of these cards, beyond 2022, will depreciate considerably. This is a factor season long in how I will manage the roster I have.

Conclusion

This will not be for everyone. If you plan to compete at the highest level, you will need to spend money and put in a lot of time – but you don't have to. You can buy 5-10 players you really like at a low cost, your favorite fantasy plays for instance, put them in core, rare or even elite contests, and try and make some cash. I feel like a lot of sharp NFL DFS players can use some of their strategies and make some positive gains season long.

At the end of the day, this offered me a chance to be an early adopter in a new style of game play that challenged me in different ways; I love competition, and my goal is to win it all.



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Jesse (@dOwnsideofme), is here with a few comments:

Hello FTN friends!

If anyone follows me on twitter, I'm sure they've seen mostly negative things come from my account in the last two weeks or so regarding Reignmakers. A lot of that came from what Drew alluded to earlier when he compared pack prices to the actual value of the pack and when he talked about when the prizing info was released, as most of the value of the card is driven by how much money can be won, and very little value is given to it in utility (via franchise score/burning it). I really think they should have led with that and let the auctions and marketplace settle from there and it's left a sour taste in the mouth of many of the whales in the community that there wasn't more transparency around these issues.

That said, it's not all bad. Purely from a gameplay perspective, I like the strategic elements that go into it. You really have to dig into players schedules and build teams that work together well to maximize the bang for your buck. Some players like [Michael Pittman](#) might seem less desirable than [Stefon Diggs](#), but he plays in half the primetime games that Diggs does and 70% of the money (at least using the Week 1 prizing model) is allocated to main slates, giving a guy like him more value than what you might think he has. You also have to think about which teams are going to be in the playoffs as over half of the cards will be eliminated at season's end, but contests will keep running through the Superbowl. You can get rewarded big time if you accurately predict team success and invest in the right cards and are then able to make quality teams for playoff slates when there will be both less entrants and a likely spike in demand for people that hold some playoff cards but not enough to form lineups. The game is surprisingly deeper and

strategic than you may think and while that is probably a turn off for some, for those that like to really get involved with something this might be up your alley. Another reason it may be of interest is that while this isn't a traditional "NFT" project, it has been marketed that way to a degree and many people that are playing it are people that have migrated from other NFT spaces.

Overall, there are currently a lot less sharks than you'd find in a traditional DFS game. Some of that is because of their concerns with things like the prizes, but some of that is because this does have a time investment required to maximize your ROI and sharks may not want to put in the work on this while also doing regular NFL DFS and other sports like NBA or NHL as they come along later into football season. If you like season long fantasy football and want to play it for money, this is a surprisingly fun alternative to the traditional format as you get to mostly pick and choose the guys you want rather than being limited by pick order in a traditional draft and you aren't eliminated with three weeks left in the regular season. I truly do hope that DraftKings can find a little more player friendly balance that can please everyone and we will have fun with this for years to come.

That's all from me. Best of luck to everyone in the coming football season.

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Drew, did you write over 2,000 words to essentially just say to wait it out?

Pretty much. I'm never one to FOMO into an investment. I want to learn, study, and find any angle I can. I don't think there is much of a reason to invest today, but I'm keeping a close eye on it because that could change in a day, week, or month. I could definitely be wrong, and things could moon tomorrow. As mentioned, I think this could be a great product and I'm excited to continue following.

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FantasyGuruDrew is a four-time GPP winner in 2020, totaling \$520,000 in winnings for the year. He provides his DFS exposures, rankings, and cheat sheets for FTNDaily for PGA, NBA, and NFL.

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